Ministry of
Forests and Range

2009/10
Annual Service Plan Report

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Ministry of Forests and Range

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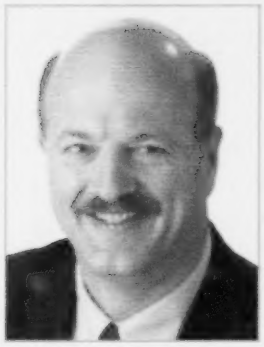
Message from the Minister and Accountability Statement



While there is still more to do, British Columbia is leading the economic recovery in Canada by attracting new investment and increasing jobs. Backed by a growing sense of optimism and positive economic indicators, I am pleased at the progress we made in 2009/10 to strengthen B.C.'s forest sector. Notable advancements in our key priorities included:

Improve utilization. We made changes to the scaling provisions of the Forest Act to encourage use of low-grade timber and wood waste for bioenergy purposes. In addition, we significantly reduced processing times for small-scale salvage applications to two working days, which allows salvagers to log dead and dying trees more efficiently.

Become a world leader in growing trees. The Growing Opportunities Silviculture Discussion Paper solicited approximately 250 responses which, along with input from meetings with forest regions and First Nations, will be considered in the development of a new framework. The framework will shape new policies using tools such as carbon credits to attract investments in B.C. silviculture activities.

Dramatically increase exports to China. B.C. lumber exports to China in 2009 reached 1.63 billion board feet, double the volume of 2008. China is now our second largest customer by volume. And with the signing of an agreement with the Chinese Ministry of Housing and Urban-Rural Development at the end of March, we will be able to work with them to design and build a six-storey building in Beijing to have another project demonstrating wood-frame design to Chinese developers, officials, and consumers.

Implement B.C.'s Wood First policy. In October 2009, we enacted the Wood First Act that requires wood to be used as the primary building material in provincially-funded building. We used the 2010 Olympic Games as an opportunity to showcase the durability, beauty and climate-friendly properties of wood-frame construction to the world. Mayors of nine municipalities have now passed WoodFirst resolutions, making their communities wood-use promoters.

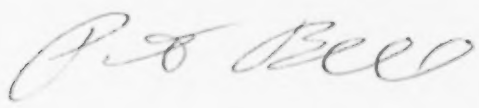
Beyond our forestry and range initiatives, the Integrated Land Management Bureau also contributed to B.C.'s economic recovery. ILMB continued to streamline services to provide the public with easier-to-access natural resource services and information. FrontCounter BC launched two new online services last year to make land use applications simpler for the public.

The ILMB also concluded negotiations on two different types of land and resource agreements with First Nations: the Strategic Engagement Agreements for consultation with the Nanwakolas First Nation and the Tsilhqot'in National Government; and the Economic and Community

Development Agreement for revenue sharing with the Skeetchestn and Kamloops Indian Bands for the New Afton mine project.

To continue providing British Columbians with excellent public service in the natural resource sectors, even during challenging times, the natural resource ministries augmented their sharing of resources through the ILMB. Staff from the natural resource agencies will be working together, drawing on collective strengths, knowledge, training, and experience to deliver key services to our clients in the areas of First Nations consultation, compliance and enforcement, and coordinated authorizations.

The Ministry of Forests and Range and the Integrated Land Management Bureau will continue to build on their successes in the coming year. The Ministry of Forests and Range *2009/10 Annual Service Plan Report* compares the actual results to the expected results identified in the Ministry's *2009/10 – 2011/12 Service Plan Update*. I am accountable for those results reported.



Honourable Pat Bell
Minister of Forests and Range and
Minister Responsible for the Integrated Land Management Bureau

June 30, 2010

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Purpose of Ministry

The Ministry of Forests and Range, also known as the Forest Service, is the main agency responsible for realizing the public interest in the use of the province's forest and range lands. Approximately 94 per cent of British Columbia's forest and range lands are publicly owned and managed by the provincial government on behalf of the public. Working with all stakeholders, the Ministry pursues policies that encourage investment in the forest sector and responsible use of forest resources, while ensuring that forest practices are sustainable to ensure future generations can enjoy the benefits of B.C.'s public forests.

A proud tradition of Service since 1912

As outlined in the *Ministry of Forests and Range Act*, the Ministry has five key purposes:

- Encourage maximum productivity of forest and range resources;
- Manage, protect and conserve forest and range resources for immediate and long term economic and social benefits;
- Plan the use of the forest and range resources of government, coordinated and integrated with other natural resources; in consultation and cooperation with other government ministries and agencies, and with the private sector;
- Encourage a vigorous, efficient and world competitive timber processing industry, and ranching sector; and
- Assert the financial interest of the government in its forest and range resources in a systematic and equitable manner.

Ministry Vision

A prosperous forest and range sector based on sustainably managed resources that provide benefits now and for generations to come.

The Ministry pursues its mandate and goals in a fair, open and consultative manner with the public, forest and range industries and other provincial agencies while recognizing the unique interests of Aboriginal people. The Ministry has a significant role in supporting the government's response to climate change through the Future Forest Ecosystems Initiative and by supporting the opportunities that climate change presents for forest sector products. The Ministry continues to work to manage the environmental impacts of the mountain pine beetle infestation. The Ministry has a leadership role in public safety emergency management using an integrated model to address major events such as forest fires.

The ministry works collaboratively with all the ministries involved in the management of Crown land and natural resources to coordinate people and resources to provide excellence in public service. This collaboration offers the opportunity for the Ministry of Forests and Range to support economic development and community resiliency while ensuring environmental standards are met and environmental sustainability is achieved. Improving the efficiency of service delivery will also help meet the budget and demographic challenges facing government.

As of June 2009, the Integrated Land Management Bureau is accountable to the Minister of Forests and Range and its annual service plan is presented in Part B of this document.

Strategic Context

B.C.'s economy slowed in 2009

Lumber exports to China totalled 1.6 billion board feet in 2009, more than double the volume exported in 2008.

B.C.'s forest sector accounted for 4.1 per cent of total provincial gross domestic product (GDP) in 2009, down from 4.8 per cent in 2008. Preliminary estimates from Statistics Canada show that British Columbia's real GDP contracted by 2.3 per cent in 2009, following a year of 0.0 per cent growth (or no change) in 2008. The slowdown in B.C. during 2009 reflected the sharp U.S. and global economic downturn, the moderation of domestic demand in B.C., and volatility in world financial and commodity markets.

The Ministry of Finance forecasts B.C.'s economy to return to growth in 2010, with real GDP increasing by 2.2 per cent. Risks to B.C.'s 2010 economic outlook include a double dip recession originating in the U.S., slower than anticipated global demand resulting in reduced demand for B.C.'s exports, further appreciation of the Canadian dollar, and further weakening of the U.S. dollar resulting in significant disruptions to global financial and commodity markets.

The forest and range industries continued to feel the effects of the global economic downturn in 2009

Lumber shipments from B.C. to every destination declined in 2009, with the exception of China. The value of wood and pulp and paper products exported from B.C. in 2009 totalled 7.6 billion dollars, down 24.8 per cent from 2008 and 42 per cent below the 10 year average of $13.1 billion.

Lumber and wood pulp prices were down in 2009. Lumber prices averaged $182 U.S. per thousand board feet in 2009, 17 per cent lower than the $219 U.S. averaged in 2008. Wood pulp prices averaged $655 U.S. per tonne in 2009, down 23 per cent compared to 2008. Overall, in 2009-10 the government received $403 million from the forest industry, down 31 per cent from the previous year.

Shipments of softwood lumber from B.C. to China have been rising over the past decade. In 2009 China became the number one off-shore market for B.C. forest products in terms of volume. Part of the success in 2009 was the significant volume of new lumber orders generated by B.C.'s largest ever forestry trade mission to China. Lumber exports to China totalled 1.6 billion board feet in 2009, more than double the volume exported in 2008.

With over half of B.C.'s wood and pulp and paper products exports shipped to the U.S. each year, the health of the American economy significantly impacts on the B.C. forest industry. The sub-prime mortgage crisis and over-building of housing units in the U.S. in 2007 and 2008 resulted in a dramatic decline in U.S. demand for B.C. forest products. U.S. housing starts totalled 554,000 in 2009, a decrease of 38.8 per cent from 2008 and less than one-third of the 2006 level.

BC is committed to achieving zero net deforestation by 2015. The Zero Net Deforestation Act encourages an equal area of trees be planted for carbon storage to offset any forest land that is permanently cleared for another use.

A strong Canadian dollar in 2009 reduced the profitability of forest product exports that were sold in U.S. dollars. The Canadian dollar closed in December 2009 at U.S. $0.95, significantly higher than the closing rate (U.S. $0.81) in December 2008. Since 2003, the Canadian dollar has appreciated about 32 per cent against the U.S. dollar.

Globally, a new low-carbon economy continued to open up opportunities in 2009. Wood products are environmentally sustainable, cost efficient, carbon friendly and offer other advantages such as seismic stability. The *Wood First Act*, enacted in 2009, requires provincially-funded projects to use wood as the primary construction. B.C. is laying the groundwork for a bio-energy sector that ensures the utilization of otherwise unsalvageable timber. B.C.'s nine wood pellet plants produce nearly one million tonnes of product. In 2009 about 98 per cent of B.C.'s wood pellet production was exported to Europe, the U.S. and Asia.

Expanding lumber exports to China is one of government's key actions to improve the competitiveness of the B.C. forest sector. Other recent efforts include promoting bioenergy opportunities, implementing a Wood First policy and proposing to introduce the Harmonized Sales Tax.

The ranching sector continued to be challenged by a strong Canadian dollar, high operating costs and continued restrictions on the export of market cattle. B.C.'s cow herd totalled 212,000 in 2009, down 13 per cent since 2006 and reflecting reduced profitability.

Forestry is important in B.C.'s response to climate change

Climate change is affecting forest and range resources as demonstrated by increasing frequency and severity of damaging events such as wildfires and insect infestations. As of March 2010, the mountain pine beetle had killed a cumulative total of 675 million cubic metres of timber since the current infestation began. The 2009 wildfire season was one of the most active and dangerous in recent memory with 3,066 fires and 247,422 hectares burned, significantly higher than the five year average of 1,848 fires.

Responding to climate change remains one of government's key priorities. Forestry is potentially one of the most important sectors as the province contends with climate change for both the products that are derived from forests and for the benefits of carbon storage that result from healthy growing forests. B.C. has almost 60 million hectares of forest of which less than 0.5 per cent is logged each year. B.C. is a world leader in third-party forest certification. The area of B.C.'s forestry lands certified for sustainable forest management standards increased in 2009 to over 62 million hectares, up 14 per cent from 2008. All public lands that are logged in B.C. must be reforested with native species. Two hundred million seedlings are planted annually – a key reason why B.C. has virtually no deforestation even after more than 100 years of forestry.

Rural communities continued to be challenged in 2009

Employment in the forestry sector has declined with the downturn in markets. In 2009, forestry directly supported 52,000 jobs in over 100 B.C. communities, a decrease of 20 per cent since 2008. Employment may be beginning to recover in 2010. In January and February 2010, forest employment increased 0.8 per cent over the same period of 2009.

Supporting prosperous rural communities remains a priority for government. More than 50 community forests are operating or in the planning stages, including seven new community forest tenures awarded in 2009. Community forests help communities to more fully participate in the stewardship of local Crown forest resources and in the development and operation of local forestry businesses.

Reconciliation protocols create economic opportunities for First Nations communities

Forests are economically, culturally and spiritually significant to B.C.'s First Nations who have depended on them for thousands of years. Many Aboriginal communities are located in forested areas and First Nations have active claims for ownership and jurisdiction of land and resources allocated for forestry. In the spirit of the New Relationship and the Transformative Change Accord, government and First Nations are committed to working together to strengthen relationships and close the socio-economic gaps between aboriginal and non-aboriginal peoples.

Last year, the Province continued the work of reconciliation by seeking success through agreements at the community level. In December 2009, the Province signed two Reconciliation Protocols; one with six of the Coastal First Nations and one with the Haida Nation. These protocols increase economic and legal certainty for resource and land use, establish a process for shared decision making and create economic opportunities for First Nations communities.

Report on Performance

This year's annual report is based on the 2009/10 Ministry of Forests and Range Service Plan Update which included six performance measures. Performance measure "BC Forest Sector Labour Productivity" and "First Nations' forest tenure volume harvested relative to all forest tenure volume harvested in British Columbia" are new measures to achieve objective 2.2, and describe the intermediary outcomes that the Ministry endeavours to influence by providing the right environment in which all forest sector participants may thrive.

Performance Plan Summary Table

Goal 1: Sustainable forest and range resources For greater detail see pages 13 to 18	**2009/10 Target**	**2009/10 Actual**
1.1 Well managed, healthy, productive forest and range resources		
Per cent of wildfire contained at less than four hectares	92%	92.28% ACHIEVED
Ratio of area reforested to area harvested or lost to fire and pest	0.82	0.88 EXCEEDED
Per cent of the regulated community's compliance with statutory requirements	95%	93.44% SUBSTANTIALLY ACHIEVED
Goal 2: Sustainable socio-economic benefits from forest and range resources For greater detail see pages 18 to 24	**2009/10 Target**	**2009/10 Actual**
2.1 Fair market value for the use of public forest and range resource		
Crown forest and range gross revenue	$ 0.381 B	$ 0.403 B EXCEEDED
2.2 Conditions that support safe and competitive forest and range sectors that contribute to sustainable forest and range based economies		
BC Forest Sector Labour Productivity	$ 56.90	$ 55.60 SUBSTANTIALLY ACHIEVED
First Nations' forest tenure volume harvested relative to all forest tenure volume harvested in British Columbia	0.865	0.880 EXCEEDED

Goals, Objectives, Strategies and Performance Results

To ensure healthy forests, a healthy forest industry and healthy communities, the Ministry of Forests and Range pursued two long-term goals: sustainable forest and range resources; and sustainable socio-economic benefits from forest and range resources.

Goal 1: Sustainable forest and range resources

The Ministry focus under this goal was to maximize the growth opportunity from forests by growing more trees—and growing more resilient trees. Climate change had compelled government to think differently about land use and its products, such as carbon. A collaborative approach was necessary among all ministries involved in making decisions that affect the land base.

The Ministry had a key role in helping government define new and emerging uses of land. The economic value of forests and range, tenure reform, timber and the Ministry management model, carbon credits, and new areas of business all factor into a changing culture. Our challenge was how to capture these emerging policy issues and adjust our thinking about the land and its future uses and products. The Working Roundtable on Forestry is one forum that has provided recommendations for addressing these emerging issues.

Objective 1.1: Well managed, healthy, productive forest and range resources

This objective describes the one to three-year results the Ministry seeks to achieve to ensure forest and range resources are sustainable in the long term.

Well managed resources resulted from the effective regulation of forest and range practices, compliance and enforcement of laws, the determination of sustainable harvest levels, the effective allocation, administration and management of range and timber tenures, and maintenance of a safe and environmentally sound resource road network.

Healthy ecosystems are those which are protected from unwanted wildfire and pest outbreaks, and where invasive plants and endemic insects and disease were managed. Managing healthy ecosystems entails having robust strategies for conserving biological diversity and protecting species-at-risk, First Nations' cultural values and critical habitats for fish and wildlife.

Ecosystem restoration and reforestation ensured that land and timber productivity and carbon sequestration were restored or maintained. The Ministry lead provincial rangeland restoration activities and enhances forest productivity through silviculture, forest gene resource management and both applied and long term research.

Challenges associated with achieving objective 1.1 include:

- Natural and changing environmental conditions such as: continuous hot, dry weather contributing to extreme wildfire, expanded severity and range of insect infestations, disease infections and invasive plants; severe weather conditions and landslides which impact resource road access and safety as well as cause environmental damage.
- Adaption to ensure the right standards and trees are in place to increase ecosystem resilience.
- Increased stakeholder and public pressure for use of forest and range resources.

The above challenges were mitigated through effective fire preparedness, reforestation, research, inventory, education programs, regular road and bridge maintenance and repairs, collaborative and inter-agency partnerships, and consultation with First Nations and the public.

Strategies

- Anticipate and manage impacts on forest and range resources from pests and fire.
- Manage and mitigate the resource impacts from the mountain pine beetle epidemic.
- Utilise cross agency collaboration and alignment on First Nations relationships, land use, and research and resource management.
- Adapt British Columbia's forest and range management practices for a changing climate.

Performance Results

Performance Measure	2002/03 Baseline	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual
Per cent of wildfire contained at less than four hectares (on a 5-year rolling average)	93%	92%	92.8%	92%	92.28% ACHIEVED

Data Source: Fire Reporting System

Discussion of Results

This is a measure of the Ministry's success rate for initial attack on wildfires, as an estimate of fires less than four hectares in final size. If fire size is kept to less than four hectares, damage and costs for fire suppression are minimized.

In 2009/10 there were a total of 3,066 wildfires started in the province and 247,422 hectares burned. Of this total, 2,631 wildfires were managed as full response fires. Full response fires are the targets of full suppression resources and are managed to minimize wildfire impacts on identified values. 2,428 of full response fires (92.28 per cent) were kept to 4.0 hectares or smaller.

In addition to the full response fires, an additional 435 wildfires were managed as modified response fires. Modified response fires are managed to allow fire to burn naturally on the landscape where identified values are not threatened. Modified response fires are monitored and suppression action is only taken when there is a requirement to ensure the fire does not move beyond a predetermined perimeter. Managing fires as modified response encourages healthy ecosystems by allowing natural fire to take place and reduces the overall cost of wildfire control by not requiring full wildfire suppression expenditures on fires that do not threaten values.

Ministry Response

The summer of 2009 presented an exceptional challenge to provincial wildfire response with the total number of wildfires reaching 138 per cent above the 5 year average of 1848 fires. A record 213 interface fires also occurred during this fire season. Despite the severity of the fire season, losses to communities and structures were minimized. The successful outcome of the 2009 fire season confirmed that the strategic direction for provincial wildfire management, including a coordinated and collaborative response with communities and emergency response agencies, is working well. The 2009 wildfire season has been reviewed and opportunities for continuous improvement will be implemented to further improve outcomes in future wildfire seasons.

Performance Results

Performance Measure	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual
Ratio of area reforested to area harvested or lost to fire and pest (unsalvageable losses)	0.83	0.78	0.82	0.88 EXCEEDED

Data Source: This ratio uses data from the past five years (a five-year rolling average), submitted by licensees and the Ministry, to RESULTS (Reporting Silviculture Updates and Landstatus Tacking System). The detailed information used to calculate the ratio is found in the annual NSR statistics posted at www.for.gov.bc.ca/hfp/silviculture/statistics/statistics.htm and under Annual Report Silviculture Tables and Graphs.

Discussion of Results

The ratio of area reforested to area harvested or lost to fire and pests is a high level indicator of stewardship and restoration of forest resources and ultimately, of sustainable forest productivity. A ratio of 1.0 indicates areas being reforested are in balance with those being harvested or lost to

fire and pests. A ratio of less than 1.0 reflects a trend towards increased Not Sufficiently Restocked area with more productive area being harvested or lost to fire and pest than reforested.

The ratio combines all Crown land areas to be reforested. This includes:

- Areas under licensee basic silviculture obligations.
- Surveyed areas where there is no basic silviculture obligation including those resulting from unsalvageable fire and pest losses, and areas of backlog reforestation. These areas are addressed as funding is available through the Forest Investment Account and the Forests for Tomorrow Program.

The 2009/10 ratio is higher than forecasted due to several factors:

- The actual harvest area for 2009/10 was 34,000 hectares lower than the forecast harvest area used to develop the performance measure for the Service Plan. There was less area logged in 2009/2010 due to the negative economic conditions.
- The actual planted and naturally regenerated area for 2009/10 was 45,000 hectares higher than the forecast regenerated area used to develop the performance measure for the Service Plan. The majority of this increased reforestation was due to BC Timber Sales and major licensee basic silviculture areas being promptly reforested. The resultant impact on the reforestation ratio was to elevate it to 0.88.

Ministry Response

Key trends and specific strategies planned to achieve this performance objective:

- Licensees are legally required to reforest the areas they harvest. Given current economic conditions, however, licensees may delay planting on some sites and allow for more natural regeneration on other sites. This will impact the ratio of reforestation to harvest on industry obligation areas in the short term. In general, industry has done a good job in promptly reforesting new harvest areas. The Forests for Tomorrow Program is increasing its survey program in areas affected by mountain pine beetle and on small scale salvage areas; therefore, additional area may be added thus further impacting the ratio.

- The Forests for Tomorrow Program funds planting programs on mountain pine beetle and fire impacted areas. This will have a positive impact on eliminating some of the Not Sufficiently Restocked area.
- This performance measure has been replaced in the 2010/11 – 2012/13 service plan with a new performance indicator looking at future forecast volume impacts. The core NSR changes that this indicator reflects will continue to be published in the annual provincial NSR tables which are posted on the following web site: www.for.gov.bc.ca/hfp/silviculture/statistics/statistics.htm

Performance Results

Performance Measure	2001/02 Baseline	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual
Per cent of the regulated community's compliance with statutory requirements.	90%	94%	89.44%	95%	93.44% SUBSTANTIALLY ACHIEVED

Data Source: Ministry of Forests and Range Compliance Information Management System.

Discussion of Results

This is a measure of how well forest and range operators are complying with the statutory requirements that regulate forest practices. It is an indicator of operator achievement in meeting their statutory obligations, rather than a targeted objective of the Ministry in promoting compliance and enforcement obligations. This measure was selected as an indicator of the performance of forest and range operators and the effectiveness of the Compliance and Enforcement Program in providing deterrents which are key to the outcome of sustainable forest resources. Deterrence of non-compliance through these inspections meets the sustainable forest and range resources goal of government. Forest and range operators are all industry (major and small business) licensees. Compliance is with the *Forest Practices Code of BC Act, Forest Act, Wildfire Act* and the *Forest and Range Practices Act* and their associated regulations.

This indicator is based on the number of inspections completed that lead to a formal finding of contravention (either through an administrative penalty process or prosecution) versus the number of inspections completed. The sites inspected are assessed for environmental, social and/or economic risks. In 2009/2010, efficiencies in inspections were gained by focusing on higher risk sites. In addition, consistency was enhanced in the recording of inspections.

Ministry Response

The baseline target was set at 90 per cent in 2001/2002, using existing data. The target was set slightly higher than the baseline to promote continuous improvement toward higher standards. The target rate was set at 95 per cent for 2009/2010 and 93.44 per cent was achieved.

The reasons for the increase in the measured compliance rate in fiscal 2009/2010 over the previous fiscal year are as follows:

- Increased enforcement actions and continued field presence last year provided an increased deterrent effect.
- There is some expected fluctuation in this measure from year to year and in 2009/2010 the compliance rate returned to align more closely with historical performance levels.

Goal 2: Sustainable socio-economic benefits from forest and range resources

Competitive forest and range industries are necessary to sustain the socio-economic benefits from forest and range resources for the foreseeable future. The current Ministry priorities relating to this goal are to promote utilization of fibre once considered waste or debris, promote the use of wood in commercial and institutional construction, and expand B.C. forest product exports to Asia.

The revenue that accrues to Government from competitive forest and range sector industries contributes to a healthy economy, thus generating revenue in support of all British Columbians. Gross revenue from Crown forest and range industries is a measure of the benefit that the public receives from use of its forest and range resources.

Performance Results

Performance Measure	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Target[1]	2009/10 Actual[2]
Crown forest and range gross revenue ($ billions)	$1.173	$1.067	$0.583	$0.348	$0.403 EXCEEDED

Data Source: Ministry of Forests and Range Harvest Billing System.

[1] Targets are set by the Ministry of Finance and continuously updated throughout the year. Since tabling the 2009/10 Service Plan, the September 2009 Budget Estimate for 2009/10 was 0.381 (billion) then it was revised downward to $0.348 (billion) in January 2010,

[2] The 2009/10 actual revenue as at April 30, 2010 is $0.403 (billion). This revenue will continue to fluctuate minimally until Closing Adjustment #3 is completed by the Office of the Auditor General on June 16, 2010. The target release date of Public Accounts is expected to be on July 8, 2010.

Discussion of Results

The total amount of forest and range gross revenue collected by the Government of British Columbia during each fiscal year includes stumpage and other revenues from timber tenures, BC Timber Sales, range use and other Ministry non-forestry revenues. The Softwood Lumber Agreement came into effect October 12, 2006, and gross revenue forecasts from this date onward include the "Softwood Lumber Border Tax."

During 2009/10, the Crown forest and range target revenues (and associated harvest volumes) were significantly downgraded due to the direct impact of the global/North American economic downturn which encompassed an unprecedented decline and collapse in the U.S. housing market. The reduced housing demand resulted in significantly lower prices for lumber and other forest products. Although stumpage revenue declined considerably from previous years, a noticeable but modest improvement started to emerge in the final couple of months of 2009/10. Crown harvest volume activity improved slightly and corresponding stumpage revenues and total Ministry revenues showed improvement over the anticipated target. The increased harvest proportion of low value mountain pine beetle timber harvest volumes in the B.C. Interior continues to suppress even greater stumpage revenue gains.

Although the 2009/10 Ministry revenue (and harvest volume) was up slightly over the original target for the year, it was still well below the Ministry's historical revenue performance benchmark range of $600 million to $1.3 billion (over the past five years). The global/North American economic downturn, along with suppressed U.S. housing starts and credit rationing, will continue to materially affect the Crown timber harvest in B.C. and the associated revenue. Although commodity and lumber markets are starting to experience a recovery, this is more so from inventory replenishment than from end-use demand at this time.

This downturn is expected to continue to be significant and more prolonged than previously anticipated, with only modest recovery likely to occur in late 2010/11.

Ministry Response

As the 2009/10 year progressed, the Ministry of Forests and Range completed the official Budget Estimate forecast in September 2009, followed by several revised forecasts. These forecasts ensured that all aspects of the changing key revenue drivers (i.e. lumber and forest products markets; Canadian and U.S. currency fluctuations; and other factors impacting stumpage revenues, such as the mountain pine beetle infestation) were continually monitored and incorporated into the revenue revisions. These revised revenue forecasts reflected the significant market volatility that commenced in 2008/09 and continued during 2009/10.

Objective 2.1: Fair market value for the use of public forest and range resource

The Ministry has a legislative responsibility to assert the financial interests of the Crown in its forest and range resources in a systematic and equitable manner. The revenue collected from the use of public forest and range resources become available to fund government priorities each year. In this way public forest and range resources contribute to the overall health, education and well-being of all British Columbians.

The Ministry continually reviews and modifies revenue policies and procedures to ensure that fair value is received. New market-based pricing systems were introduced on the Coast in 2004 and in the Interior in 2006. A key element of these systems is the use of competitive timber sales

to establish fair market value for trees that are sold by government. These changes continue to be integrated and implemented by the Ministry.

Strategies

- Ensure that competitive timber sales continue to provide a source of fibre and a basis on which to establish non competitive timber prices.
- Seek opportunities to simplify market-based pricing systems.
- Ensure complete, timely and accurate pricing and billing.

Objective 2.2: Conditions that promote safe and competitive forest and range sectors that contribute to sustainable forest and range based economies

Competitiveness is supported by an environment that encourages investment. This in turn is supported by the government working toward certainty on the land base and ensuring regulation and policy support competitiveness.

The Ministry works with the federal government and industry associations on international and trade agreements such as the 2006 Softwood Lumber Agreement. The Ministry also works with Forestry Innovation Investment Ltd., a provincial crown agency, on market access and acceptance issues to build new markets and grow existing markets for B.C. forest products. The Ministry supports government's bioenergy strategy by identifying wood-based biofuel supply policy impediments and opportunities, supporting the BC Hydro call for bioenergy, and modelling forest woody biomass supply based on the existing forest cover inventory.

Forestry Innovation Investment Ltd.

A Crown agency that leads work to expand and maintain international markets and supports innovation and research in forest product development. More details can be found in the FII Ltd. Annual Report at:

www.bcfii.ca

Many rural B.C. economies are dependent on healthy and competitive forest and range industries. These in turn provide employment, community investment and other socio-economic benefits to British Columbians. With many First Nations living in forest based communities, the government continues to promote opportunities for First Nations' participation in the forest and range sectors.

Challenges associated with achieving the above objective include:

- Macro-economic considerations such as commodity prices and exchange rates.
- Trade-offs between socio-economic benefits. Two examples of trade-offs are (1) balancing maintenance and improvements to the forest road network between industrial, commercial

and public access, and (2) balancing the economic interests of First Nations, industry and other stakeholders.

Strategies

The following strategies were utilized to support Ministry priorities in this area:

- Encourage research, industry innovation, quick adaptation, and development of marketing strategies, as well as improved communication of customer needs with industry.
- Support development and implementation of the B.C. beef industry strategy.
- Support development and implementation of the forest component of the B.C. bioenergy initiative.
- Promote opportunities for First Nations' participation in the forest and range sectors.

Performance Results

Performance Measure	2008/09 Forecast	2008/09 Actual	2009/10 Target	2009/10 Actual
BC Forest Sector Labour Productivity *(Real $GDP per hour worked by industry)*	$58.50	$54.40	$56.90	$55.60 SUBSTANTIALLY ACHIEVED

Data Source: Statistics Canada CANSIM Table 379-0025: Provincial Gross Domestic Product (GDP) for Forestry and Logging, Wood and Paper Products, Chained 2002 dollars; and Table 383-0009: Labour statistics consistent with System of National Accounts (SNA), by North American Industry Classification System (NAICS), British Columbia, Forestry and Logging, Wood and Paper Products, Hours worked for all jobs.2009/10 Forecast based on actual GDP numbers and estimated employment numbers.

Discussion of Results

Assessing and tracking labour productivity as measured by 'real GDP per hour worked by industry' provides the Ministry with an indication of its influence on the forest sector, and ultimately the sector's ability to compete in world markets. Government puts policy in place to provide a climate conducive for industry to be productive; this measure in part indicates the extent to which industry has responded. However, although it is an indicator of the hosting condition government creates, it is also an indicator of investment within the industry, labour contracts and host of other influencing factors outside government control. Various input factors affect labour productivity, including: changes in technology, innovation and efficiency, cultural beliefs and values; and individual attitudinal, motivational and behavioural factors. The wider economic,

social and political environments, levels of flexibility in labour markets, and individual reward and payment systems will also influence productivity.

The measure reflects an outcome at the provincial level for the entire forest sector; however, there are regional variations, such as differences between the coastal and interior sectors, which are not captured by this province-wide estimate.

Labour productivity in the B.C. forest sector is measured by GDP per employment hour for the forestry, logging, wood product, and paper manufacturing sectors. This measure declined in 2007 and 2008 along with the severe market downturn meaning that output declined faster than hours worked. This decline was reversed in 2009, likely because companies had restructured to fit their employment to lower production levels. The previously observed long term growth in productivity will likely continue and perhaps increase more rapidly in the next few years as the industry gets back on track with more efficient mills having survived the downturn and less efficient mills being permanently closed.

Ministry Response

Meeting customer and client needs is an incentive to innovate. Research and development drives innovation and innovation in turn drives productivity. As production and sales of more valuable products increase, industry productivity will increase. Anticipating changing customer demands and meeting those demands with improved products improves competitiveness.

The Ministry contributes to research and development through its own research efforts and by supporting FPInnovations which should help improve labour productivity. Providing market conditions that encourage production of higher valued products will likely also improve this measure.

Performance Results

Performance Measure[1]	2008/09 Forecast	2008/09 Actual	2009/10 Target	2009/10 Actual
First Nations' forest tenure volume harvested relative to all forest tenure volume harvested in British Columbia	0.840	0.840	0.865	0.880 EXCEEDED

Data Source: Aboriginal Affairs Branch, Revenue Branch and Resource Tenures & Engineering Branch

[1] The data for this performance measure is defined as: per cent of Timber Harvested by First Nations on their Direct Award Forest Tenures in relation to the per cent of Timber Harvested by all clients in B.C. The indicator is expressed as a ratio.

Discussion of Results

This measure was selected as an indicator of First Nations' participation in the forest sector to track the provincial outcomes of harvesting resulting from the Ministry's interim measure agreements and their associated tenures. The indicator is expressed as a ratio to compare the performance of the First Nations forest sector to the rest of the forest industry. If the ratio is less than 1.0, then on a relative scale, the First Nations forest sector is underperforming relative to that of the rest of the industry and if above is out performing.

The Ministry has generally been successful in awarding timber to First Nations through interim measures agreements, but First Nations have advised the Ministry that they are having difficulties across the province in being economically successful with these tenures. The B.C. forest industry is struggling on a number of fronts: worldwide economic slowdown, slumping prices and demand in the U.S. market; and a mountain pine beetle generated log surplus. These issues also affect First Nation licensees but some face additional barriers to successfully managing the forest tenures awarded through these interim measures agreements due to: lack of forestry and business experience; small scale of operations; and a lack of start-up capital and capacity. As a result of these challenges, as of September 30, 2008, the ratio was 0.840, which demonstrates an underperforming portion of the forest sector.

The original calculation indicated that First Nations were harvesting about 60.8 per cent of their direct award tenures while all forest sector clients were harvesting 72.2 per cent of their volumes. To the end of March 2010, First Nations have been harvesting 57.1 per cent of their direct award volumes while the industry has been harvesting 64.9 per cent, resulting in a new ratio of 0.880. Although the ratio has increased, and it exceeds the target of 0.865, it does not indicate that First Nations have been able to increase their capacity in the forest sector. In fact, harvesting has decreased for both groups. First Nations harvest levels decreased by 3.7 per cent while all of the forest sector harvest has decreased by 7.3 per cent.

Ministry Response

Since 2008, it would appear that the forest industry is not harvesting all their tenured volumes, and rather reducing lumber production, and purchasing their reduced needs on the open market due to decreased demand for BCs forest products in the US and other markets. It was not envisioned that there would be a significant decrease in the amount harvested by forest sector clients, which has led to an increase in this ratio. Lumber markets are now improving, and as the forest sector improves, it's forecasted that harvesting will increase over time. How this change in

the forest sector harvest performance is reflected as an indicator of First Nations capacity and participation is hard to determine at this time.

Report on Resources

	Estimated[1]	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Forest and Range Resource Management	348,980	0,000	348,980	327,295	(21,685)
Pricing and Selling Timber	42,378	0,000	42,378	54,799	12,421
Compliance and Enforcement	27,792	0,000	27,792	27,038	(754)
Executive and Support Services	44,987	0,000	44,987	43,856	(1,131)
Direct Fire	409,000	0,000	409,000	382,134	(26,866)
BC Timber Sales Special Account	158,935	13,537	172,472	172,472	0,000
Total	**1,032,072**	**13,537**	**1,045,609**	**1,007,594**	**(38,015)**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Forest and Range Resource Management	19,112	0,000	19,112	18,004	(1,108)
Pricing and Selling Timber	0	0,000	0,000	0,000	0,000
Compliance and Enforcement	0	0,000	0,000	0,000	0,000
Executive and Support Services	2,470	0,000	2,470	1,722	(748)
BC Timber Sales Special Account	37,085	0,000	37,085	22,703	(14,382)
Total	**58,667**	**0,000**	**58,667**	**42,429**	**(16,238)**
Other Financing Transactions ($000)[3]					
Pricing and Selling Timber (BC Timber Sales) Disbursements.....	102,300	0,000	102,300	56,443	(45,857)
Forest and Range Resource Management Disbursements.....	0	0,000	0,000	0,000	0,000
Total Disbursements	**102,300**	**0,000**	**102,300**	**56,443**	**(45,857)**

[1] The amounts in the "Estimated" column correspond to the *Estimates* as presented to the legislative assembly in September 2009.

[2] "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies

Explanatory Comments

The Ministry under spent by $38 million due to a $27 million surplus in the Direct Fire Vote and $11 million in the Ministry Operations Vote.

Forest Practices Board

The Forest Practices Board is an independent watchdog for sound forest and range practices in B.C.'s public forests and rangelands. It informs both the British Columbia public and the international marketplace of forest and range licensees' performance in carrying out sound practices and complying with legal requirements. It also ensures that resource ministries are appropriately monitoring and enforcing forest and range practices legislation.

The Board audits tenure holders and government ministries for compliance with forest practices legislation; carries out special investigations and issues reports as appropriate; investigates concerns and complaints from the public; and participates in appeals to the Forest Appeals Commission. The Board's mandate is provided by the *Forest and Range Practices Act* and the *Wildfire Act.*

While the Board operates independently from the Ministry of Forests and Range, its budget vote is the responsibility of the Ministry. The Board independently reports its accomplishments and priorities through an annual report found at www.fpb.gov.bc.ca.

Forest Practices Board Resource Summary Table

Forest Practices Board	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Total	3,827	0,000	3,827	3,824	(3)
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Total	25	0,000	25	25	0

[1] Actual consumption of full-time equivalent positions was less than estimated because of vacancies and staff leave of absences.

Hyperlinks to Additional Information

Forests and Range

The legislation which is administered by the Ministry of Forests and Range can be accessed at: www.for.gov.bc.ca/tasb/legsregs/comptoc.htm

More information on the Forest Investment Account can be accessed at: www.for.gov.bc.ca/hcp/fia

More information the Forestry Roundtable: www.for.gov.bc.ca/mof/Forestry_Roundtable

A glossary of forest and range terms: www.for.gov.bc.ca/hfd/library/documents/glossary

Crowns, Agencies, Boards and Commissions associated with the Ministry of Forests and Range:

Crowns:

Forestry Innovation Investment Ltd. and FII Consulting (Shanghai) Company Ltd. (subsidiary): www.bcfii.ca

Major Commissions and Boards:

Forest Appeals Commission: www.fac.gov.bc.ca
Forest Practices Board: www.fpb.gov.bc.ca

Ministry Contact Information

For more information on the British Columbia Ministry of Forests and Range, contact:

Organizational Development & Corporate Planning Branch Headquarters
PO Box 9515 Stn Prov Govt
Victoria BC V8W 9C2
Telephone: 250 387-2117

Wildfire Management Branch Headquarters
PO Box 9502 Stn Prov Govt
Victoria BC V8W9C1
Telephone: 250 387-5965

BC Timber Sales Headquarters
Telephone: 250 387-4683

Coast Forest Region
2100 Labieux Road
Nanaimo BC V9T 6E9
Telephone: 250 751-7001

Northern Interior Forest Region
5th Floor, 1011 Fourth Avenue
Prince George BC V2L 3H9
Telephone: 250 565-6100

Southern Interior Forest Region
441 Columbia Street
Kamloops BC V2C 2T3
Telephone: 250 828-4131

Or visit our website at: www.gov.bc.ca/for

Part B: Integrated Land Management Bureau

Highlights of the Year

Crown Land Tenures

The Bureau issued over 2,050 tenures under the *Land Act* during 2009/10, thereby providing access to Crown land for many uses including commercial, recreational and industrial activities that support government priorities and strengthen the provincial economy while respecting environmental and social values. Examples included creation of seven residential lots and a new park for the citizens of Nelson on lands that were part of the former David Thompson University Centre site, a Sponsored Crown Grant 30 year lease issued to the Sunshine Coast Regional District for the Pender Harbour Sports Field Project to provide playing fields and related sports facilities and significant progress towards a Memorandum of Understanding between the District of Logan Lake and the Lower Nicola Indian Band to use Crown land to develop a residential subdivision to facilitate future growth in the area.

Resource Management Coordination

The Bureau provided guidance to lead changes in how operational business is carried out across the natural resource ministries and in the cultural transformation needed to support the business changes:

- The Haida Gwaii Resource Management Coordination Pilot Cross Agency Project Team developed and implemented an integrated business model that includes natural resource management collaboration and coordination for Haida Gwaii. Results included significant cost savings to government, enhanced client service in Haida Gwaii, and strengthened relationships with the Haida Nation Council and between ministries.

FrontCounter BC

- Answered more than 31,100 inquiries and processed over 8,120 authorizations for clients in the natural resource sector.
- Increased the number of types of applications accepted by FrontCounter BC on behalf of the Ministry of Energy, Mines and Petroleum Resources clients for Mineral & Coal, Placer, and Aggregate authorizations (119 applications processed) and Ministry of Forest and Range clients for 57 License to Cut applications.
- Introduced a custom theme tool which enables staff to efficiently and effectively identify conflicts and constraints for clients seeking authorizations. This streamlines the application process for clients.
- Improved self help tools for clients by enabling clients to apply for *Land Act* tenures on-line through Virtual FrontCounter BC. As well, clients may check land status using the new FrontCounter BC Discovery Tool.

Clean Energy Projects Office

- Completed a business improvement plan, "One Project – One Process" for Clean Energy in B.C., that makes the provincial authorization process for clean energy projects more efficient, accountable and disciplined.
- Completed over 34 initiatives resulting in improvements to: management of clean energy project applications and authorizations; tools and information supporting clean energy project reviews; and data collection and reporting on B.C.'s clean energy projects portfolio.
- Coordinated 1,096 clean energy projects/proposals and made decisions on 210 related *Land Act* applications that enabled proponents to move their project to the next stage of development.
- Integrated the provincial authorization process with the transmission grid interconnection process in order to streamline decision-making on B.C.'s clean energy projects.
- Established a 12 member Client Advisory Committee co-chaired by the Clean Energy Projects Office and the industry, in order to enhance government-industry dialogue on clean energy policies and authorization processes. The Committee met five times in 2009/10. Among other initiatives, the Committee provided advice on numerous initiatives including:
    - Terms of Reference for the Committee and Regional Clean Energy Project Teams;
    - Annual work plan for the Clean Energy Projects Office;
    - Business improvement plan for clean energy project authorizations ("One Project – One Process");
    - Ministry of Environment Guidelines for Environmental Assessment of Impacts to Wildlife from Small Hydroelectric Projects;
    - Prioritization of various clean energy policy and procedural issues; and
    - Guidelines for issuing investigative permits for waterpower applications.

First Nations Initiatives

The First Nations Initiatives Division led a collaborative, cross-government team in the development of a new approach to coordinating First Nations consultation. This work is aimed at creating more effective dialogue between the Province and First Nations on economic development projects, while providing process efficiencies for First Nations, government and industry. A number of key, related initiatives, delivered in collaboration with partners such as ministries of the Attorney General and Aboriginal Relations and Reconciliation included developing:

- A new suite of First Nations consultation procedures, guides and tools including refreshed provincial procedures on consultation, a guide on assessment of impacts on First Nations' claims, an accommodation guide and a guide on the role of third parties in the consultation process;

- Coordinated consultation tools and processes that support a consistent, coordinated and effective interagency approach to First Nations consultation, so that all natural resource agencies act as a single entity when engaging with First Nations;
- Processes and implementation procedures to support coordinated consultation and authorizations on all economic development projects through interagency shared business plans; and
- Leading a sector-wide training and implementation strategy of the new framework for First Nations consultation into 2010.

The Division and partners also received a Premier's Award for the Northern Interior Region on the "Mount Milligan Mine Coordinated Consultation Project." This project normally would have taken 260 days to complete consultation - instead the work was completed to a high standard within 120 days.

Completion of two Strategic Engagement Agreements: one with the Nanwakolas Council Nations and the other with the Tsilhquot'in Nation. These first-of-their-kind agreements will clearly outline shared expectations within defined First Nation territories and enable a shift from the current uncertain and multiple legal obligations, into a Government-to-Government model that meets the needs of the member First Nations communities. The Division and partners received a Premier's Award for the Nanwakolas Agreement.

As well, ILMB and natural resource partners are completing negotiations for a Strategic Engagement Agreement with the Ktunaxa Nation Council representing Ktunaxa Nation and its four member communities St. Mary's, Tobacco Plains, ?Akisq'nuk, and Lower Kootenay. The agreement is intended to foster meaningful engagement on Crown lands and resources issues at a Government-to-Government level, increase certainty and process efficiencies, and support transition to potential treaty.

First Nations Initiatives Division negotiators were also key participants on Ministry of Aboriginal Relations and Reconciliation teams that negotiated new Reconciliation Agreements with Coastal First Nations and the Council of the Haida Nation. Each of these agreements has as part of it, consultation process agreements like the Strategic Engagement Agreements noted above.

The Division also led numerous regional projects to further improve on First Nation consultation and engagement and create effective business relationships, including supporting ministries in the negotiation of resource revenue share agreements.

Priority Planning Projects

- Implementation of Haida Gwaii Strategic Land Use Agreement: Substantive progress was achieved in the implementation of the Haida Gwaii Strategic Land Use Agreement, through the collaborative oversight of a joint Province/Haida management team. Key achievements

include the development of draft land use objectives, identification of marine boundaries for new conservancies, and public consultations to solicit input on these products.

- Completion of the first full year of implementation of the Central Coast and North Coast Land Use (CC/NC) Agreements, called "Ecosystem Based Management" or EBM. EBM in the CC/NC also initiated the government-to-government collaborative oversight through a joint multi-Nation management team. Key achievements, delivered in collaboration with partners including ministries of Forests and Range and Environment include: Forest Certification for tenures; enhanced delivery of the economic commitments to Coastal First Nations; resource guidance documentation for the new legal land use zone called Biodiversity, Mining, and Tourism Areas (BMTA); and the establishment of an Adaptive Management Steering Committee (AMSC) .
- Implementation of Sea-to-Sky Land Use Agreements: Substantive progress was achieved in the implementation of the Sea to Sky Land Resource Management Plan and associated Land Use Agreements with First Nations. Key achievements include agreement with the Lil'wat First Nation to establish the Ure Creek (Mkwal'ts) conservancy in the spring 2010 and the completion of a Coordinated Access Management Plan and Floodplain Management Plan.
- Tsay Keh Dene Land Use Plan Scoping Discussions: Building on previous agreements between Tsay Keh Dene and the Province of B.C., discussion and documentation has advanced regarding integration of Tsay Keh Dene's objectives with land use plans approved by the B.C. government. Through exploration of interests and values, options have been identified to improve certainty for Tsay Keh Dene and natural resource management.

GeoBC: Integrated Land and Resource Information

- Expanded the eLicensing BC program to include aquaculture and an all-electronic Freshwater Fishing license issuance. Electronic processing of these licenses resulted in almost $13M in sales for 2009/10.
- GeoBC continued to support critical event management and investigations through the use of geospatial information and tools for clients such as Emergency Management BC and the BC Coroner's Office.
- Launched new client-centric self serve tools including the ability for staff to quickly develop and publish their own Google Map applications using government's geospatial information and information from external sources.
- GeoBC partnered with the Oil and Gas Commission to leverage the BC Geographic Warehouse and access services managed by ILMB to operationally support their service delivery. As a result a number of new datasets from the Oil and Gas Commission have been populated to the warehouse which will benefit a number of client groups.

Bureau Support for the Vancouver 2010 Olympic and Paralympic Winter Games

- Negotiations for the long term tenuring of 1,100 hectares near Madeley Creek and the Callaghan Valley resulted in a 29 year lease issued in February 2010. This area was used as

the Whistler Olympic Park, the site of Nordic and Ski Jumping events. The lease will be transferred to the Whistler Sport Legacies Society once the overlay for the games has been removed. The Legacies Society is comprised of representatives from The Province, The Resort Municipality of Whistler, The Squamish Nation, the Lil-wat First Nation, the Canadian Olympic Federation and VANOC. The site will be used not only by locals and visitors to the area but is particularly important for training future athletes.

- GeoBC led multiple projects and initiatives to support security and safety of the 2010 Winter Olympic and Paralympic Games. The security partners included Department of National Defence (DND), Royal Canadian Mounted Police (RCMP), Public Safety Canada, Emergency Management BC (EMBC), US Department of Homeland Security and others. These projects enabled access to geographic tools and information and created a geospatial legacy for future emergency management in British Columbia
- 2010 Air Photo Consortium Project was a collaboration between over two dozen organizations with major partners ranging from Public Safety and Security agencies (DND, RCMP, Public Safety Canada, EMBC) to Regional authorities (Metro Vancouver, formerly the Greater Vancouver Regional District), BC Hydro, BC Assessment, Port Authority and Vancouver Airport Authority, provincial ministries (EMBC/Ministry of Transportation and Infrastructure/ILMB/Ministry of Agriculture and Lands) and numerous local governments and regional districts. Seamless and consistent air photo coverage provided a common operating picture for all agencies involved in emergency management and public safety related to the 2010 Olympics and will be used for all future emergency and public safety events.
- GeoBC in partnership with Emergency Management BC (EMBC), and financial support through the GeoConnections program, developed Emergency Event Map Viewer (BCeMap) application. The application was used on a pilot basis during the 2010 Olympics and Paralympics to share geographic information across multiple agencies and provide a unified view of emergency events in the Olympic Theatre. This enabled a coordinated response and more effective delivery of emergency services. BCeMap will enable emergency management practitioners to better prepare for, respond to and mitigate the impacts of emergency events through timely sharing of geospatially referenced information.

Purpose of the Bureau

Crown land in British Columbia covers 94 per cent of the province. This publicly owned land and its natural resources are major contributors to the economic, social and environmental health of the province. The Integrated Land Management Bureau plays a key role in facilitating efficiently coordinated access to both Crown land and its resources, furthering government's commitment to a strong economy, vibrant communities, environmental stewardship and the development of a strong, mutually supportive relationship with First Nations.

The Integrated Land Management Bureau provides an array of services to the public and to other government agencies involved in using and managing Crown land and natural resources. The Bureau's clients range from those seeking access for business, community, recreational or other purposes to those interested in the effective environmental stewardship of land and resources. The Bureau assists clients in many ways, including: coordinating access to tenures, permits and licences; Crown land sales and grants; coordinating multi-agency consultation and engagement agreements with First Nations on land and resource issues including implementation of land use planning agreements; and managing and providing land and resource geographic information.

Established in 2005, the Bureau was accountable to the Minister of Agriculture and Lands until June 2009, when that accountability was transferred to the Minister of Forests and Range. The Bureau is uniquely positioned in Government owing to the fact that its services to the public are provided on behalf of numerous provincial ministries. The Bureau is guided by a Board of Directors which sets direction and priorities, and is made up of the deputy ministers of the following agencies: Aboriginal Relations and Reconciliation; Agriculture and Lands; Energy, Mines and Petroleum Resources; Environment; Forests and Range; and, the Integrated Land Management Bureau. The Bureau also provides corporate leadership on behalf of government towards the sustainable management of natural resources and coordination of related information, and the coordination of a shared delivery of natural resource regional operational services. In providing this leadership, the Bureau is committed to following its vision of delivering corporate solutions through collaboration.

In addition, the Bureau has eight regional FrontCounter BC offices, providing a single window access point for over 135 natural resource sector permits and authorizations on behalf of 13 partner agencies[1]. FrontCounter BC services cover this wide range of natural resource authorizations while integrating Crown land use, planning and provision and analysis of related information. In a similar capacity, the Bureau's GeoBC (www.geobc.gov.bc.ca) provides a single window to the Province's geographic information, tools, products and services.

[1] The ministries have a mandate to adjudicate non-*Land Act* natural resource authorizations. They review and make decisions on the applications. The Bureau tracks the progress of applications and communicates the results to the client. In the case of applications for new and replacement land tenures under the *Land Act* or Crown land sales, the Bureau also adjudicates these applications on behalf of the Ministry of Agriculture and Lands.

In effect, the Bureau is the primary provincial source for authoritative land, resource and geographic data and application services.

The Bureau's mission and vision can be found at the following link:

www.ilmb.gov.bc.ca/about.html

Strategic Context

Listed below are several key strategic issues that impacted the performance of the Bureau in 2009/10. The Bureau addressed these issues by following strategies expanded upon in the Report on Performance section.

Resource Management Coordination: The Bureau worked collaboratively with all the ministries involved in the management of Crown land and natural resources to ensure the coordination of people and resources for excellence in public service. This collaboration offered the opportunity for alignment of resources to promote economic development and community resiliency while working to ensure environmental standards and environmental sustainability is achieved with resource use activities in B.C. Opportunities to improve the efficiency of service delivery will also help meet the budget and demographic challenges facing government.

Engagement of First Nations: The coordination of First Nations consultation and engagement was a key driver for the Bureau. Capacity to participate in consultation and engagement processes is an ongoing issue for both First Nations and the Province. First Nations have expectations for mechanisms that will reduce referral workloads, ensure legally required consultations occur in as timely a manner as possible and provide for enhanced ability to communicate their interests to government.

Meeting Client Service Demands: Client service work performed by FrontCounter BC included natural resource use applications which were quite complex and/or may have involved lengthy First Nations consultations or complex adjudications for non-*Land Act* tenures by partner agencies. Another hurdle for FrontCounter BC was to continue maintaining a successful coordination role while meeting the increasing demand for its services by other agencies and ministries.

Meeting Technological Changes and the Increasingly Sophisticated Needs of Clients: Meeting citizens' expectations and increased demand while also staying current with rapidly changing technology was a huge challenge. Current, reliable and authoritative information is critical for resource development, emergency response, community planning and First Nations treaty development. Managing client expectations, setting priorities and coordinating information sources across government, and within available resources, was an ongoing Bureau priority.

Climate Change: With the challenging after effects of a world economic downturn in 2008/09, together with the continuing effects of climate change and fluctuating oil prices, there were increasing demands for alternative forms of energy. As a consequence, the Province managed an increase in the number of independent power producer project applications on Crown land. The Bureau continued to coordinate the permitting process of clean energy projects to support the British Columbia Energy Plan and climate change initiatives.

Report on Performance

Bureau Performance Plan Summary Table

Goal 1: Citizen-centred delivery of services for natural resource applications and adjudications For greater detail see pages 40 to 43	**2009/10 Target**	**2009/10 Actual**
1.1 The provision of outstanding FrontCounter BC services in accordance with service agreements with partner agencies Percentage of natural resource applications prepared for adjudication that are processed under agreed turnaround times with other agencies	80%	77% SUBSTANTIALLY ACHIEVED
1.2 Service excellence for clients seeking access to use Crown land through *Land Act* adjudications Percentage of *Land Act* adjudications that are completed under agreed turnaround times	90%	88% SUBSTANTIALLY ACHIEVED
Goal 2: An enhanced relationship with First Nations which will lead to improved business practices For greater detail see pages 43 to 44	**2009/10 Target**	**2009/10 Actual**
2.1 Engaging First Nations on improved processes to enhance understanding and consideration of their interests by provincial land and resource agencies Number of negotiated strategic agreements reached with or presented to First Nations annually for consideration	1-3	4 EXCEEDED
Goal 3: Land and marine planning that enhances Crown land and resource use certainty and supports sustainable natural resource management For greater detail see pages 44 to 46	**2009/10 Target**	**2009/10 Actual**
3.1 The maintenance of a flexible and integrated approach to planning that continues to meet clients' needs and regional priorities and achieves business certainty Percentage of approved planning priorities completed	80%	77% SUBSTANTIALLY ACHIEVED
Goal 4: Integrated land and resource information For greater detail see pages 46 to 47	**2009/10 Target**	**2009/10 Actual**
4.1 Excellence in the provision of provincial land and resource information services through GeoBC Average number of monthly user sessions enabling government and citizen access to corporate land and resource geographic information	50,000	64,000 EXCEEDED

Goals, Objectives, Strategies and Performance Results

The Integrated Land Management Bureau pursues four main goals in coordinating natural resource services for British Columbians. The Bureau advances a series of objectives, strategies and performance measures to help achieve each goal and to respond to the emerging issues identified in the planning process.

Goal 1: Citizen-centred delivery of services for natural resource applications and adjudications.

The Bureau supports the government-wide priority to provide better service to British Columbians by providing its FrontCounter BC clients with single point of contact services to access natural resources via permits, licences, tenures, Crown land sales and grants and to obtain *Land Act* adjudications.

Objective 1.1: The provision of outstanding FrontCounter BC services in accordance with service agreements with partner agencies.

Service agreements with partner agencies promote timely and efficient turnaround times for natural resource authorizations and permits and ensure guidelines aimed at promoting balance, respect for environmental values, transparency and other factors are met. Timely application processing for land and resource applications is critical, particularly for the business community.

Strategies

- Provide efficient pre-application and application completion services to customers and ministry clients.
- Improve service to clients and partner agencies by meeting or exceeding performance targets.
- Provide support for a sustainable organization and continued growth of FrontCounter BC's service offerings.
- Implement e-licensing, e-referrals and permitting services for natural resource authorizations.

Performance Measure 1: Natural resource application processing

Performance Measure	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual
Percentage of natural resource applications prepared for adjudication that are processed under agreed turnaround times with other agencies.	76%	69%	80%	77% SUBSTANTIALLY ACHIEVED

Data Source: FrontCounter BC Authorization Tracking System.

Discussion of Results

This measure provides an indication of FrontCounter BC's ability to assist businesses and individuals in preparing applications for natural resource-use authorizations, so that less time is required by partner agency adjudication staff who then review and decide on the applications. The new FrontCounter BC Inter-Agency Cross Training and Development Initiative introduced during the year provided 72 per cent of the additional resource requirement. Although the performance target was not met, FrontCounter BC was able to generate significant improvements in its operations, improving processing time to 17 days from 26 days.

Objective 1.2: Service excellence for clients seeking access to use Crown land through *Land Act* adjudications.

The Bureau, through the provision of efficient and timely *Land Act* adjudication decisions to the general public and business clients, is striving to achieve this objective and thereby support the citizen-centred service delivery goal. Challenges in achieving this objective include sometimes complex application referrals associated with First Nations consultations.

Strategies

- Embark on several business improvement initiatives to provide more efficient mandated *Land Act* adjudications and decisions for clients.
- Support small businesses by guiding them through the process used for accessing Crown land and resources.
- Advance First Nations' values in the administration of Crown land tenures.
- Facilitate the application process for the development of independent power projects to support the BC Energy Plan and climate change initiatives.

Performance Measure 2: Percentage of *Land Act* adjudications that are completed under agreed turnaround times

Performance Measure	2009/10 Target	2009/10 Actual[1]
Percentage of *Land Act* adjudications that are completed under agreed turnaround times.	90%	88% SUBSTANTIALLY ACHIEVED

Data Source: Reason for Decision Measurement.

[1] The Actual result is based on a target for concluding new applications within a 60-day turnaround following completion of First Nations consultation. Originally, the target included the completion of all applications but technical limitations prevented the collection of statistics on other types of applications.

Discussion of Results

The actual target achieved for new *Land Act* Dispositions does not represent the full value provided by the Bureau. In addition to the processing of new applications, there was an increase in output of the number of tenure agreement modifications and renewed tenure agreements. The combined effort improved business security for existing Crown land tenure holders and added new economic benefits to the provincial economy.

Objective 1.3: Solid partnerships built with local governments other agencies and First Nations.

The Bureau continued to build partnerships with local governments and First Nations in support of community development opportunities and growth in new and emerging business sectors

across British Columbia. By working with these partners, the Bureau made Crown land available for such things as regional development, affordable housing projects and those land and resource projects which support both the Province's Energy Plan and Climate Change Action Plan. Challenges associated with achieving this objective included the capacity of First Nations to fulfill their partnership obligations.

Strategies

- Build efficient and timely land and resource development consultation and accommodation mechanisms with First Nations.
- Provide effective and efficient administration of Crown land sale partnerships with First Nations and communities.
- Lead regionally-based Inter-Agency Directors' Committees and Sub-Regional Management Committees to optimally co-ordinate government interests in the management of provincial natural resources.

Goal 2: An enhanced relationship with First Nations which will lead to improved business practices.

The Bureau is responsible for the co-ordination of natural resource agency engagements with First Nations on behalf of Government.

Objective 2.1: Engaging First Nations on improved processes to enhance understanding and consideration of their interests by provincial land and resource agencies.

The Bureau pursued this objective while rapidly moving toward a virtual single agency approach to the First Nations consultation process for the natural resource sector. This approach is bolstered through a single priority setting matrix to ensure that agencies are working on government priorities. The Bureau also worked towards reducing the consultation and referral workload for both the Province and First Nations, improving the understanding of First Nations' land and resource interests and providing increased business certainty.

Strategies

- Develop a coordinated cross ministry approach (a virtual single agency) to engage First Nations.
- Pursue agreements with First Nations that improve relations between the Province and First Nations, improve and streamline consultation practices and create an improved business climate.

Performance Measure 3: Number of negotiated strategic agreements reached with or presented to First Nations annually for consideration

Performance Measure	2008/09 Actual	2009/10 Target	2009/10 Actual
Number of negotiated strategic agreements reached with or presented to First Nations annually for consideration.	0	1-3	4 EXCEEDED

Data Source: ILMB

Discussion of Results

This measure gauges the progress the Bureau is making with respect to coordinating multi-agency consultation, accommodation and strategic agreements with First Nations on land and resource management. The Bureau lead the negotiations on two signed Strategic Engagement Agreements – with the Tsilhqot'in National Government and the Nanwakolas First Nation – while supporting the negotiations of both the Coastal First Nations and the Council of the Haida Nation Reconciliation Agreements. The results of this work are best described in the receipt of a Premier's Award for the Coast Region for the Nanwakolas Strategic Engagement Agreement that frames a sound relationship between the Crown (multiple agencies) and six First Nations groups and results in a 25 per cent reduction in the consultation burden for the parties.

Goal 3: Land and marine planning services that enhance Crown land and resource use certainty and support sustainable natural resource management.

Objective 3.1: The maintenance of a flexible and integrated approach to planning services that continues to meet clients' needs and regional priorities and achieves business certainty.

The Bureau continued to use land and resource planning to seek a balance between competing land uses, incorporate the values and interests of First Nations, reduce conflict and ensure sustainability of the natural environment and support for economic development. The work included the implementation of approved land use plans such as those for the central and north coasts. Challenges to achieving this objective included being able to prioritize projects within fiscal constraints and the need to maintain a narrower focus on specific planning priorities.

Strategies

- Facilitate effective implementation of approved strategic land-use plans with First Nations.
- Meet priority needs for detailed planning (e.g. Crown land, forest stewardship and marine resources) to translate strategic direction into resource allocation and management decisions.
- Pursue collaborative planning priorities with First Nations.

Performance Measure 4: Percentage of approved planning priorities completed

Performance Measure	2009/10 Target	2009/10 Actual
Percentage of approved planning priorities completed.	80%	77% SUBSTANTIALLY ACHIEVED

Data Source: ILMB

Discussion of Results

This measure is designed to indicate progress the Bureau is making in completing the Bureau's priority planning projects on a year-to-year basis. These projects are strategic in nature and increasingly involve government-to-government collaboration with First Nations. The method of reporting achievement on the targets is based on the number of planning priorities endorsed

through the regional inter-agency shared business plans in the spring of each year. Longer than expected consultation times resulted in the target for this performance measure not being met. However, many planning priorities were undertaken, including the Coastal Douglas Fir Initiative, where draft land use objectives were prepared by an interagency team for the purpose of providing conservation measures for this rare and endangered ecosystem. Public review of the draft generated a significant amount of public interest in this initiative.

Goal 4: Integrated land and resource information.

The management of Crown land and its resources is more balanced and effective when supported by the efficient delivery of integrated land and resource information. The Bureau provides access to provincial geographic information which creates economic benefits and opportunity to both the public and all sectors of the economy.

Objective 4.1: Excellence in the provision of provincial land and resource information services through GeoBC.

Providing effective land and resource information, tools, products, services and related analyses leads to more fully informed clients, better decision-making and reduced natural resource application processing times.

The challenge in achieving this objective is in providing the most accurate and up to date information as possible to Bureau clients, as this is critical for such things as business and planning decisions, and for the resource information required for emergency services.

Strategies

- Enhance the role of geographic information in serving government, business and the citizens of British Columbia.
- Expand the use of geographic information beyond natural resource ministries to include all ministries.
- Develop corporate information and data management tools for Government.
- Add value for Bureau clients through facilitating and delivering effective products and services through regional and headquarters GeoBC staff.

Performance Measure 5: Average number of monthly user sessions enabling government and citizen access to corporate land and resource geographic information

Performance Measure	2009/10 Target	2009/10 Actual
Average number of monthly user sessions[1] enabling government and citizen access to corporate land and resource geographic information.	50,000	64,000 EXCEEDED

Data Source: ILMB

Discussion of Results

Geography is the unique identifier that connects information across business areas. The Geographic Warehouse is the corporate repository for authoritative and integrated land, resource and geographic data that supports a variety of business requirements for the ministries, other government agencies and the public. Over the last few years, there has been tremendous growth in the use of the GeoBC Gateway, applications and the provincial Geographic Warehouse by the general public and other government agencies. This trend is related to the advancement in technology, higher levels of citizens' expectations and knowledge and improved access to the information in the Bureau's Geographic Warehouse. An enhanced version of the Gateway was released in December 2009 resulting in a 100 per cent increase in use over the same quarter of the previous fiscal year. Other services also showed increased use following enhancements to iMapBC and the addition of the cached base map. As a result of these actions, the Bureau was able to not only improve application performance but particularly improve the user experience.

Report on Resources

Resource Summary 2009/10 – Integrated Land Management Bureau

The Resource Summary table below outlines the expenditures by core business area. The Integrated Land Management Bureau operates under its own vote within the Ministry of Forests and Range (see Part A) as specified in the *Estimates*.

	Estimated[1]	Other Authorizations	Total Estimated	Actual	Variance
Bureau Operating Expenses ($000)					
Total	**68,678**	**0,000**	**68,678**	**68,627**	**(51)**
Bureau Capital Expenditures (Consolidated Revenue Fund) ($000)					
Total	**1,705**	**0,000**	**1,705**	**2,018**	**313**

[1] The amounts in the "Estimated" column correspond to the *Estimates* as presented to the Legislative Assembly in September 2009.

Comments and Explanations

Operating Expenditure Variances

Overall, the Bureau had a surplus of $51,000 for 2009/10 based on an operating budget of $68.678 million.

This surplus was primarily due to savings in salaries and benefits, travel, contracts, office, business, and building occupancy expenses, which was offset by approximately $2.5 million in expenditures relating to the implementation of two Strategic Engagement Agreements.

Capital Expenditure Variances

The Bureau's 2009/10 capital expenditures exceeded the budget by $313,000 but were managed with savings in the total Ministry of Forest and Range's 2009/10 capital budget.

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